



STATE OF MISSISSIPPI PROPERTY INSURANCE POLICY

APRIL 29, 2018 – APRIL 29, 2019

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NAMED INSURED AND MAILING ADDRESS

State of Mississippi

and its affiliated, subsidiary, and associated companies and/or corporations and the Insured's interest in partnerships and joint ventures as now exist or may hereafter be constituted or acquired and any party in interest which the Insured is responsible to insure

Hereafter referred to as "The Insured"

Mailing Address: Department of Finance and Administration
Office of State Property Insurance
PO Box 267
Jackson, MS, 39205-0267

2. TERM OF INSURANCE

In consideration of the annual premium, this policy attaches and covers for a period of twelve months, from April 29th, 2018 to April 29th, 2019, beginning and ending at 12:01 A.M., standard time, at the location of the property involved.

The actual effective time of attachment of this insurance on the above date shall be the same time as the actual effective time of cancellation or expiration of policy(ies) replaced or renewed by this policy.

3. LIMITS OF LIABILITY

The Company's maximum limit of liability in an occurrence, including any insured Time Element loss, will not exceed \$500,000,000 for any one occurrence, subject to the following provisions.

1. Limits of liability and time limits stated below or elsewhere in this Policy are part of, and not in addition to, the Policy limit of liability.
2. Limits of liability in an occurrence apply to the total loss or damage at all locations and for all coverages involved, including any insured Time Element loss, subject to the following provisions:
 - a. When a limit of liability applies in the aggregate during any policy year, the Company's maximum amount payable will not exceed such limit of liability during any policy year.
 - b. When a limit of liability applies to a location or other specified property, such limit of liability will be the maximum amount payable for all loss or damage at all locations arising from physical loss or damage at such location or to such other specified property.

- A. With respect to the peril of Earthquake (as referred to in Section 13), this Company shall not be liable, per occurrence and in any one policy year, for more than its proportion of \$500,000,000. Even if the peril of Earthquake is the predominant cause of loss or damage, any ensuing loss or damage not otherwise excluded herein shall not be subject to any sublimits or aggregates specified in this Clause A;
- B. With respect to the peril of Flood (as referred to in Section 13), this Company shall not be liable, per occurrence and in any one policy year, for more than its proportion of \$500,000,000. Even if the peril of Flood is the predominant cause of loss or damage, any ensuing loss or damage not otherwise excluded herein shall not be subject to any sublimits or aggregates specified in this Clause B;
- C. With respect to the peril of Flood (as referred to in Section 13) for locations wholly located within Flood Zones A or V as defined by the Federal Emergency Management Agency, this Company shall not be liable, per occurrence and in any one policy year, for more than its proportion of \$100,000,000. Even if the peril of Flood is the predominant cause of loss or damage, any ensuing loss or damage not otherwise excluded herein shall not be subject to any sublimits or aggregates specified in this Clause C;
- D. With respect to the peril of Named Wind Storm (as referred to in Section 13) for locations wholly located within Hancock, Harrison, Jackson, Pearl River, Stone, and George counties, this Company shall not be liable, per occurrence, for more than its proportion of \$300,000,000. Even if the peril of Named Windstorm is the predominant cause of loss or damage, any ensuing loss or damage not otherwise excluded herein shall not be subject to any sublimits or aggregates specified in this Clause **D**;

E.	Account Receivable	\$25,000,000 per occurrence
F.	Auto Physical Damage (excludes over the road)	\$25,000,000 per occurrence
G.	Business Interruption	\$10,000,000 per occurrence
H.	Civil or Military Authority (90 days)	\$ 5,000,000 per occurrence
I.	Contingent Time Element	\$ 5,000,000 per occurrence
J.	Decontamination Costs	\$ 2,500,000 per occurrence
K.	Debris Removal	Greater of 25% or \$50,000,000
L.	Demolition and Increased Cost of Construction	\$500,000,000 per occurrence
M.	Expediting Expense	\$50,000,000 per occurrence
N.	Extra Expense	\$50,000,000 per occurrence
O.	Fine Arts, excluding outdoor monuments	\$20,000,000 per occurrence
P.	Ingress/Egress (90 days)	\$ 5,000,000 per occurrence
Q.	Plants, Trees, Outdoor Lighting	\$ 1,000,000 per occurrence
R.	Leasehold Interest	\$10,000,000 per occurrence
S.	LEED Coverage	\$10,000,000 per occurrence
T.	Loss Adjustment Expenses	\$ 2,500,000 per occurrence

U	Miscellaneous Unnamed Locations	\$25,000,000 per occurrence; \$10,000,000 Tier I and II
V	Mold Fungus & Mildew – resulting from a covered cause of loss	\$10,000,000 per occurrence
W	Newly Acquired Property	\$50,000,000 per occurrence
	• Tier 1 & 2 Named Windstorm	\$25,000,000 per occurrence
X	Property in Course of Construction	\$20,000,000 per occurrence
Y	Rental Value	\$10,000,000 per occurrence
Z	Royalties	\$ 1,000,000 per occurrence
AA	Service Interruption (including off-premises)	\$25,000,000 per occurrence
BB	Transit	\$10,000,000 per occurrence
CC	Valuable Papers	\$50,000,000 per occurrence
DD	Vehicles	\$75,000,000 per occurrence

4. DEDUCTIBLES

All losses, damages or expenses arising out of any one occurrence shall be adjusted as one loss, and from the amount of such adjusted loss shall be deducted **\$500,000** except:

A. With respect to Flood:

- (1) With respect to locations wholly located within Flood Zones A or V, the deductible shall be \$500,000 per building, \$500,000 contents per building and \$250,000 business interruption, subject to a minimum of \$500,000 per occurrence. However, this deductible shall not apply to ensuing loss or damage not otherwise excluded herein.
- (2) With respect to any other Flood loss, the deductible shall be \$500,000 per occurrence. However, this deductible shall not apply to ensuing loss or damage not otherwise excluded herein.

In the event that the Insured maintains underlying insurance through the National Flood Insurance Program, it is agreed that this policy excludes the peril of flood to the extent of recovery under such National Flood Insurance Policy(s). Should the amount of loss payable under such National Flood Insurance Policy(s) exceed the applicable flood deductible under this policy, then no deductible shall apply hereunder. However, if the amount to be paid under such National Flood Insurance Policy(s) is less than the applicable flood deductible under this policy, then the amount to be deducted hereunder shall not exceed the difference between the amount to be paid under the Insured's National Flood Insurance Policy(s) and the applicable flood deductible under this policy. Insurance maintained through the National Flood Insurance Program shall be considered Underlying Insurance.

- B. With respect to Named Windstorm at locations wholly located within Hancock, Harrison, Jackson, Pearl River, Stone, and George counties, the deductible shall be 2% of the value at the time when such loss occurs, per unit of insurance, subject to a minimum of \$1,000,000 per occurrence and a maximum of \$3,000,000 per occurrence irrespective of the number of locations involved. This deductible shall apply only to those units of insurance suffering a loss in the occurrence and for which a claim is being made. However, this deductible shall not apply to ensuing loss or damage not otherwise excluded herein.
- C. With respect to any Service Interruption, "the duration of such interruption" referred to in the policy must be in excess of 24 hours.
- D. With respect to Ingress / Egress or Civil or Military Authority, "the duration of such interruption" referred to in the policy must be in excess of 24 hours.

The following shall be considered a separate unit of insurance: (a) each separate building or structure; (b) the contents of each separate building or structure; (c) property in each yard; (d) business interruption as defined in Clause 7.B. for the twelve month period immediately following the loss.

If two or more deductible amounts in this policy apply to a single occurrence, the total to be deducted shall not exceed the largest deductible.

In any occurrence where loss or damage is caused by more than one peril insured against under this policy, the Insured shall have the right to separate the loss **amount** by peril for the purposes of application of the deductible(s) specified in this **section**, notwithstanding the above reference to two or more deductibles and the policy limits.

As respects theft, the term Occurrence as referred to elsewhere within the policy means the sum total of all losses of covered property resulting from one or more concealed acts committed by one person or more than one person acting in unison to the extent such loss is not otherwise excluded under this policy.

The deductible amounts specified above shall not apply to general average contributions, salvage charges and sue and labor expenses.

5. LOSS PAYABLE

Loss, if any, shall be adjusted with and payable to the Insured or order, whose receipt shall constitute a release in full of all liability under this policy with respect to such loss.

6. TERRITORY

This policy covers loss occurring anywhere in the world excluding those countries, individuals, or entities as to which coverage would be in violation of any U.S. economic or trade sanctions such as, but not limited to, those sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), unless the Insured has been granted a U.S. Treasury Department Office of Foreign Assets Control License or other expressed or constructive authorization by the U.S. Government to do business with that country, individual or entity, and then coverage is provided only to the extent legally permitted as a result of the issuance of the license or other expressed or constructive authorization, subject to all of the terms, conditions and limitations found in this policy.

7. COVERAGE

Except as hereinafter excluded, this policy covers:

A. Real and Personal Property

- (1) The interest of the Insured in all real and personal property including but not limited to property owned, used, leased or intended for use by the Insured, or hereafter constructed, erected, installed, or acquired, including while in course of construction, erection, installation, and assembly. In the event of loss or damage, this Company agrees to accept and consider the Insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or leases to the contrary.
- (2) The interest of the Insured in real and personal property of others in the Insured's care, custody, or control.
- (3) Real and Personal Property which the Insured is responsible for or has agreed to insure.
- (4) At the option of the Insured, personal property of the Insured's officials, employees and representatives while on the premises of the Insured. This insurance shall then act as primary insurance.
- (5) Contractors' and vendors' interest in property covered to the extent of the Insured's liability imposed by law or assumed by contract, whether written or oral.
- (6) Mobile Equipment
- (7) Vehicles licensed for highway use when on an Insured's premises

B. Time Element

Definition: Wherever used in this policy, the term "Time Element" means any one or all of the following coverages: Business Interruption, Extra Expense, Rental Value, Leasehold interest, Royalties and Time Element Extensions described herein.

a. Business Interruption — Gross Earnings

- (1) Loss resulting from necessary interruption of business conducted by the Insured, whether total or partial, and caused by direct physical loss, damage, or destruction covered herein during the term of this policy to real and personal property as described in Clause 7.A.
- (2) If such loss occurs during the term of this policy, it shall be adjusted on the basis of ACTUAL LOSS SUSTAINED by the Insured, consisting of

the net profit which is thereby prevented from being earned and of all charges and expenses only to the extent that these must necessarily continue during the interruption of business including Ordinary Payroll and only to the extent such charges and expenses would have been earned had no loss occurred.

"Ordinary Payroll" is defined to be the entire payroll expense for all employees of the Insured except officers, executives, department managers, employees under contract, and other important employees as determined by the Insured.

- (3) In the event of loss, damage, or destruction covered herein to property as described in Clause 7.A, which results in an interruption of research and development activities which in themselves would not have produced income during the indemnity period, this policy shall cover the actual loss sustained of the continuing fixed charges and expenses, including Ordinary Payroll directly attributable to such research and development activities.
- (4) However, this Company shall not be liable under this Clause B. for any loss resulting from damage to or destruction of finished stock nor for the time required to reproduce said finished stock. Finished stock shall mean stock manufactured by the Insured which in the ordinary course of the Insured's business is ready for packing, shipment, or sale.
- (5) Resumption of Operations: If the Insured, by reasonable means within its control, could reduce the loss resulting from the interruption of business:
 - (a) by a complete or partial resumption of operation of the property insured, whether damaged or not; or
 - (b) by making use of available stock, merchandise, or other property;such reduction shall be taken into account in arriving at the amount of loss hereunder.
- (6) Experience of the Business:
 - (a) In determining the amount of net profit, charges and expenses covered hereunder for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to the experience of the business before the date of damage or destruction and to the probable experience thereafter had no loss occurred to real or personal property as described in Clause 7.A.

- (b) With respect to alterations, additions, and property while in the course of construction, erection, installation, or assembly, due consideration shall be given to the available experience of the business after completion of the construction, erection, installation, or assembly.

C. Extra Expense

- (1) Extra Expense incurred resulting from direct physical loss, damage, or destruction covered herein during the term of this policy to real or personal property as described in Clause 7.A.
- (2) **"Extra Expense" means** the excess of the total cost chargeable to the operation of the Insured's business over and above the total cost that would normally have been incurred to conduct the business had no loss or damage occurred.

D. Rental Value

- (1) Rental Value loss sustained by the Insured resulting from direct physical loss, damage, or destruction covered herein during the term of this policy to real and personal property as described in Clause 7.A. but not exceeding the reduction in rental value less charges and expenses which do not necessarily continue.
- (2) "Rental Value" is defined as the sum of:
 - (a) the total anticipated gross rental income from tenant occupancy of the described property as furnished and equipped by the Insured; and
 - (b) the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and
 - (c) the fair rental value of any portion of said property which is occupied by the Insured.
- (³) Experience of the Business:
 - (a) In determining the amount of rental value covered hereunder for the purposes of ascertaining the amount of loss sustained, due consideration shall be given to the rental experience before the date of damage or destruction and to the probable experience

thereafter had no loss occurred to real and personal property as described in Clause 7.A.

- (b) With respect to alterations, additions, and property while in the course of construction, erection, installation, or assembly, due consideration shall be given to the available rental experience of the business after completion of the construction, erection, installation, or assembly.
- (4) Rental Income Insurance for the Benefit of the Landlord:
 - (a) This policy will serve as rental income insurance in those situations where the insured is required under a lease or rental agreement to maintain such insurance on behalf of any landlord.

E. Royalties

- (1) Loss of income to the Insured under royalty, licensing fees, or commission agreements between the Insured and another party which is not realizable due to direct physical loss, damage, or destruction by any of the perils covered herein during the term of this policy to property of the other party.
- (2) If such loss occurs during the term of this policy, it shall be adjusted on the basis of ACTUAL LOSS SUSTAINED of such income referred to in paragraph 1 above, which would have been earned had no loss occurred.
- (3) Resumption of Operations: The Insured shall influence, to the extent reasonably possible, the party with whom the agreement described in paragraph 1 above has been made to use any other machinery, supplies or locations in order to resume business so as to reduce the amount of loss hereunder, and the Insured shall cooperate with that party in every reasonable way to effect this, but not financially unless such expenditures shall be authorized and paid by this Company.
- (4) Experience of the Business: In determining the amount of income derived from the agreement(s) described in paragraph 1 above for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to the amount of income derived from such agreement(s) before the date of damage or destruction and to the probable amount of income thereafter had no loss occurred to real and personal property of the type insured under this policy of such other party.

F. Soft Costs

- (1) Loss resulting from a delay in completion of a construction or

installation project caused by direct physical loss, damage, or destruction covered herein during the term of this policy to property covered hereunder, including such property while in transit.

(2) Recovery in the event of loss hereunder shall be the actual loss sustained by the Insured consisting of:

- (a) the amount of actual interim or construction financing interest including loan fees and other one-time charges, which exceeds the interest that would have been incurred had no delay resulted;
- (b) realty taxes and ground rent if any;
- (c) advertising and promotional expenses;
- (d) cost of additional commissions incurred upon renegotiating leases;
- (e) architects, surveyors, legal, accounting, consulting engineers, or other fees;
- (f) project administration expense;
- insurance premiums.

(3) Resumption of Operations: It is a condition of this insurance that if the Insured could reduce the loss resulting from delay in commencing business operations:

- (a) by a complete or partial operation of the project whether damage or not; or
- (b) by making use of available machinery or equipment;

such reduction shall be taken into account in arriving at the amount of loss hereunder.

G. Time Element Extensions

(¹) This policy, subject to all provisions and without increasing the limits of this policy, also insures against direct physical loss, damage, or destruction resulting from:

- (a) Contingent Time Element: property that wholly or partially prevents any direct or indirect supplier of goods and/or services to the Insured from rendering their goods and/or

services, or property that wholly or partially prevents any direct or indirect receiver of goods and/or services from the Insured from accepting the Insured's goods and/or services, such supplier or receiver to be located within the territorial limits;

- (b) Impounded Water: dams, reservoirs, or equipment connected therewith when water, used as a raw material or used for power or for other purposes, stored behind such dams or reservoirs is released from storage and causes an interruption of business as a result of lack of water supply from such sources;
 - (c) Leader Property: property not owned or operated by the Insured, located in the same vicinity as the Insured, which attracts business to the Insured.
- (1) Interruption by Civil or Military Authority: This policy is extended to cover the loss sustained during the period of time when access to real or personal property is impaired by order or action of civil or military authority issued in connection with or following a peril insured against.
 - (2) Ingress/Egress: This policy is extended to cover the loss sustained during the period of time when, in connection with or following a peril insured against, access to or egress from real or personal property is impaired.

H. Provisions Applicable to Business Interruption, Extra Expense, Rental Value, Royalties and Soft Costs Coverages

- (1) **Period of Recovery:** The length of time for which loss may be claimed:
 - (a) shall not exceed such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair, or replace the property that has been destroyed or damaged;
 - (i) with the exercise of due diligence and dispatch to rebuild, repair, or replace such part of the property **as has been destroyed or damaged;**
 - (ii) **to restore** the interrupted services to the premises and the premises made ready for normal operations when such interruption is caused by an accidental occurrence;
 - (b) and, such additional length of time to restore the Insured's business to the condition that would have existed had no loss occurred, commencing with the later of the following dates:

- (i) the date on which the liability of the Company for loss or damage would otherwise terminate; or
- (ii) the date on which repair, replacement, or rebuilding of the property that has been damaged is actually completed;

but in no event for more than one year from said later commencement date;

- (c) with respect to alterations, additions and property while in the course of construction, erection, installation, or assembly shall be determined as provided in subparagraph (a) above, but such determined length of time shall be applied to the experience of the business after the business has reached its planned level of production or level of business operations;
- (a) shall commence with the date of such loss or damage and shall not be limited by the date of expiration of this policy or cancellation date.

For buildings that have been certified as Leadership in Energy and Environmental Design (LEED) properties, the period of liability as provided for in subparagraphs a, b, c and d above shall include the (additional) time necessary to recertify the building following an insured loss to the LEED certification level that existed prior to said loss. Such (additional) time period shall include the time necessary to flush out the reconstructed space with 100% outside air and to add new filtration media to conform to the said existing LEED level.

- (2) Special Exclusions: This section of the policy does not insure against any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any lease, license, contract, or order; nor for any increase of loss due to interference at the Insured's premises by strikers or other persons with rebuilding, repairing, or replacing the property damaged or destroyed, or with the resumption or continuation of business, or with the reoccupancy of the premises.
- (3) Expense to Reduce Loss: This policy also covers such expenses incurred for the purpose of reducing any loss under this policy, even though such expenses may exceed the amount by which the loss under this policy is thereby reduced.

- (4) Downzoning: In the event of physical loss or damage insured under this policy that causes the enforcement of any law, ordinance, governmental directive or standard regulating the construction, repair, use, or occupancy of property, this Company shall be liable for (additional) business interruption and/or rental value loss resulting from the inability to rebuild existing property to like kind and quality, height, area, and/or occupancy, and with such loss measured for the length of time as would have been required with the exercise of due diligence and dispatch to rebuild or replace such existing property and not otherwise recoverable elsewhere under the policy.

I. Transit

- (1) Property in transit within and between the territorial limits of this policy, including the coastal waters thereof, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance intended for use for any outbound or used for inbound shipment, including during deviation and delay, until safely delivered and accepted into place of final destination.
- (2) This insurance is extended to cover loss or damage to property:
- (a) sold and shipped by the Insured under terms of Free On Board point of origin or other terms usually regarded as terminating the shipper's responsibility short of points of delivery;
 - (b) arising out of any unauthorized person(s) representing themselves to be the proper party(ies) to receive goods for shipment or to accept goods for delivery;
 - (c) occasioned by the acceptance by the insured, by its agents, or by its customers of fraudulent bills of lading, shipping and delivery orders, or similar documents;
 - (d) at the Insured's option, which is incoming to the Insured.
- (3) (a) The Insured may waive right(s) of recovery against private, contract, and common carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this transit insurance shall not inure to the benefit of any carrier, bailee, warehouseman, or processor.
- (b) With respect to shipments made under subparagraphs 2(a) and 2(d) above, this Company agrees to waive its rights of subrogation

against consignees at the option of the Insured.

- (4) The Insured is not to be prejudiced by any agreements exempting lightermen from liability.
- (5) Seaworthiness of any vessel or watercraft and airworthiness of any aircraft are admitted between this Company and the Insured.

J. Accounts Receivable

In the event of physical loss or damage to records of accounts receivable caused by loss or damage insured herein, this Company shall be liable for:

- (1) All sums due the Insured from customers, provided the Insured is unable to effect collection thereof as the direct result of loss of or damage to records of accounts receivable;
- (2) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage;
- (3) Collection expense in excess of normal collection cost and made necessary by such loss or damage;
- (4) Other expenses, when reasonably incurred by the Insured in reestablishing records of accounts receivable following such loss or damage.

For the purpose of this insurance, credit card company charge media shall be deemed to represent sums due the Insured from customers, until such charge media is delivered to the credit card company.

When there is proof that a loss of records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be computed as follows:

- (1) The monthly average of accounts receivable during the last available twelve months shall be adjusted in accordance with the percentage increase or decrease in the twelve months **average** of monthly gross revenues which may have occurred in the interim.
- (2) The monthly amount of accounts receivable thus established shall be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred, due consideration being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

K. Leasehold Interest

- (1) Pro rata proportion from the date of loss to expiration date of the lease (to be paid without discount) on the Insured's interest in:

- (a) the amount of bonus paid by the Insured for the acquisition of the lease not recoverable under the terms of the lease;
- (b) improvements and betterments to real property which are not covered under any other section of this policy;
- (c) the amount of advance rental paid by the Insured and not recoverable under the terms of the lease;

when property is rendered wholly or partially untenable by any covered loss during the term of this policy and the lease is canceled by the party not the Named Insured under this policy in accordance with the conditions of the lease or by statutory requirements of the appropriate jurisdiction in which the damaged or destroyed property is located; and

- (2)

- (a) "The Interest of the Insured as Lessee or Lessor" when property is rendered wholly or partially untenable by any covered loss during the term of this policy and the lease is canceled by the party not the Named Insured by this policy in accordance with the conditions of the lease or by statutory requirements of the appropriate jurisdiction in which the damaged or destroyed property is located.
- (b) "The Interest of the Insured as Lessee or Lessor" as referred to herein shall be paid for the first three months succeeding the date of the loss and the "Net Lease Interest" shall be paid for the remaining months of the unexpired lease.

- (3) Definitions:

The following terms, wherever used in this section shall mean:

- (a) "The Interest of the Insured as Lessee" is defined as:
- (i) the excess of the rental value of similar premises over the actual rental payable by the lessee (including any maintenance or operating charges paid by the lessee) during the unexpired term of the lease; and
 - (ii) the rental income earned by the Insured from sublease agreements, to the extent not covered under any other section of this policy, over and above the rental expenses specified in the lease between the Insured and the lessor.
- (b) "The Interest of the Insured as Lessor" is defined as the difference between the rents payable to the lessor under the terms of the lease in effect at the time of loss and the actual rent collectible by the lessor during the unexpired term of the lease provided the lease is canceled by the lessee, to the extent not covered under any other section of this policy.
- (c) "Net Lease Interest" is defined as that sum, which placed at 6% interest compounded annually will be equivalent to the "The Interest of the Insured as Lessee or Lessor."
- (4) This Company shall not be liable for any increase of loss which may be occasioned by the suspension, lapse or cancellation of any license or by the Named Insured exercising any option to cancel the lease. Furthermore, the Named Insured shall use due diligence including all things reasonably practicable to diminish loss under this clause.

L. Service Interruption

(1) Property Damage

Physical loss or damage at an insured location resulting from the interruption of electricity, steam, gas, water, sewer, telecommunications, or any other utility or service to that location which results from an accidental occurrence at a facility (including transmission and distribution lines) of the utility or service supplier which immediately prevents in whole or in part the delivery of such utility or service.

(2) Time Element

Time Element loss at an insured location resulting from the interruption of electricity, steam, gas, water, sewer, or telecommunications or any other utility or service to that location which results from an accidental

occurrence not otherwise excluded herein at a facility (including transmission and distribution lines) of the utility or service supplier which immediately prevents in whole or in part the delivery of such utility or service.

The length of time for which such loss may be claimed shall not exceed the length of time, beginning when the interruption occurs and ending when with due diligence and dispatch the service could be wholly restored and the location receiving the utility or service made ready for normal operations, which is in excess of any time indicated as the waiting period qualifier in Section 4, Deductible.

The Company(ies) will not be liable if the interruption of such utility or service is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified utilities or services.

The Insured will immediately notify the suppliers of utilities or services of any interruption of such services.

There is no liability for any loss resulting from the interruption of the business that is insured under subparagraph identified as Contingent Time Element.

8. COVERAGE EXTENSIONS

A. Demolition and Increased Cost of Construction

In the event of direct physical loss or damage under this policy that causes the enforcement of any law, ordinance, governmental directive or standard in place at the time and place of loss regulating the construction, repair, use, or occupancy of property, this Company shall be liable for:

- (1) the cost of demolishing the undamaged property including the cost of clearing the site;
- (2) the proportion that the value of the undamaged part of the property bore to the value of the entire property prior to loss;
- (3) increased cost of repair or reconstruction of the damaged and undamaged property on the same or another site, limited to the cost that would have been incurred in order to comply with the minimum requirements of such law or ordinance regulating the repair or reconstruction of the damaged property on the same site. However, this Company shall not be liable for any increased cost of construction loss unless the damaged property is actually rebuilt or replaced;

- (4) any increase in the business interruption, extra expense, rental value or royalties loss arising out of the additional time required to comply with said law or ordinance.

B. Debris Removal

This policy covers the following expenses resulting from a covered loss:

- (1) the cost of removal of debris of property covered hereunder;
- (2) the cost of removal of debris of property not covered hereunder from the premises of the Insured;

With respects to a building or property contained within such building that has been certified as Leadership in Energy and Environmental Design (LEED) properties, coverage provided hereunder is extended to cover the reasonable and necessary costs of recycling such debris including separating materials and diverting such debris to recycling centers.

C. Expediting Expense

This policy covers the extra cost of temporary repair and/or replacement and of expediting the repair and/or replacement of damaged property insured hereunder, including, but not limited to, overtime and express freight or other rapid means of transportation.

D. Loss Adjustment Expenses

This policy is extended to include reasonable expenses incurred by the Insured, or by the Insured's representatives for preparing and certifying details of a claim resulting from a loss which would be payable under this policy. However, this Company shall not be liable under this clause for expenses incurred by the insured in utilizing the services of a public adjuster.

E. Fire Brigade Charges and Extinguishing Expenses

This policy covers the following expenses resulting from a covered loss:

- (1) fire brigade charges and any extinguishing expenses which the insured incurs;
- (2) loss and disposal of fire extinguishing materials expended.

F. Defense Costs

This policy, subject to all of its provisions, also insures the costs and fees to defend any claim or suit against the Insured and/or its directors, officers and/or employees alleging physical loss or damage as insured against to property of others in the care, custody or control of the Insured to the extent of the Insured's liability therefore, even if such claim or suit is groundless, false or fraudulent; but the Company may without prejudice make such investigation, negotiation or settlement of any such claim or suit as it deems expedient.

G. Consequential Loss

- (1) In the event of loss or damage not otherwise excluded to property, and such damage, without the intervention of any other independent excluded cause, results in a sequence of events which causes physical damage to insured property, then there shall be liability under the policy for the resulting loss.
- (2) This policy also insures against consequential loss to the property insured caused by but not limited to change of temperature or humidity or by interruption of power, heat, air conditioning, or refrigeration resulting from loss or damage not otherwise excluded. It is agreed that exclusions C, D, and E contained in Section 10, "Perils Excluded" shall not apply to this extension when such loss or damage occurs at a location which is not owned or operated by the Insured.
- (3) This policy also insures the reduction in value to the remaining part or parts of any lot of merchandise usually sold by lots or sizes, color ranges, or other classifications due to damage to or destruction of a part of such lots or other classifications due to a cause of loss not otherwise excluded.

H. Control of Damaged Merchandise

The Insured, exercising a reasonable discretion, shall be the sole judge as to whether the goods involved in any loss under this policy are fit for normal intended use or consumption. No goods so deemed by the Insured to be unfit for consumption shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow this Company any salvage obtained by the Insured on any sale or other disposition of such goods. The Insured shall have full right to the possession of and retain control of all goods involved in any loss under this policy.

I. Brands or Trademarks

In case of damage insured against to property bearing a brand or trademark or which in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal at the Company's expense in the customary manner of all such brands or trademarks or other identifying characteristics.

9. PERILS INSURED AGAINST

This policy insures against:

- A. All risk of direct physical loss of or damage to property described herein including general average, salvage, and all other charges on shipments covered hereunder, except as hereinafter excluded.

Physical loss or damage shall include any destruction, distortion, disruption, or corruption of any computer data, coding, program or software except as hereinafter excluded.

10. PERILS EXCLUDED

This policy does not insure:

- A. against any fraudulent or dishonest act or acts committed by the Insured or any of the Insured's employees meaning only dishonest or fraudulent acts committed by the Insured or the Insured's employees with the manifest intent to:

- (1) cause the Insured to sustain such loss, and
- (2) obtain financial benefit for the Insured, Insured's employee, or for any other person or organization intended by the Insured or the employee to receive such benefit, other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions, or other employee benefits earned in the normal course of employment.

This exclusion does not apply to acts of damage or destruction by employees, but theft by employees is not covered.

- B. against the cost of making good, defective design or specifications, faulty material, or faulty workmanship; however, this exclusion shall not apply to loss or damage resulting from such defective design or specifications, faulty material, or faulty workmanship;
- C. against electrical injury or disturbance to electrical appliances, devices, or wiring caused by electrical currents artificially generated unless loss or

damage not otherwise excluded ensues and then this policy shall cover for such ensuing loss or damage;

- D. against mechanical breakdown unless loss or damage not otherwise excluded ensues and then this policy shall cover for such ensuing loss or damage;
- E. against explosion, rupture, or bursting of steam boilers, steam pipes, steam turbines, or steam engines owned or operated by the Insured unless loss or damage not otherwise excluded ensues and then this policy shall cover for such ensuing loss or damage; it is agreed that direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox (or combustion chamber) of any fired vessel or within the flues or passages which conduct the gases or combustion therefrom shall be covered hereunder;
- F. against errors in processing or manufacture of the Insured's product unless loss or damage not otherwise excluded ensues and then this policy shall cover for such ensuing loss or damage;
- G. against ordinary wear and tear, rust, corrosion, or gradual deterioration unless loss or damage not otherwise excluded ensues and then this policy shall cover for such ensuing loss or damage;
- H. against latent defect, normal settling or normal shrinkage of walls, floors, or ceilings unless loss or damage not otherwise excluded ensues and then this policy shall cover for such ensuing loss or damage;
- I. against nuclear reaction, or nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote; except:
 - (1) if fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;
 - (2) this Company shall be liable for loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage for each occurrence from material used or stored or from processes conducted on an insured premises provided at the time of loss there is neither a nuclear reactor capable of sustaining a nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises;
- J. (1) against warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending, or expected attack:

- (a) by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces;
 - (b) or by military, naval, or air forces;
 - (c) or by an agent of any such government, power, authority, or forces;
- (2) against any weapon employing atomic fission or fusion;
 - (3) against insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such occurrence;
 - (4) against seizure or destruction by order of public authority, except destruction by order of public authority to prevent the spread of, or to otherwise contain, control or minimize loss, damage or destruction not otherwise excluded under this policy;
 - (5) against risks of contraband or illegal trade.

Notwithstanding the above provisions, J. (1), (3), (4), and (5), this insurance shall cover loss or damage directly caused by acts committed by an agent of any government, party, or faction engaged in war, hostilities, or warlike operations, provided such agent is acting secretly and not in connection with any operation of armed forces (whether military, naval, or air forces) in the country where the property is situated. Nothing in the foregoing shall be construed to include any loss, damage or expense caused by or resulting from any of the risks or perils excluded above, excepting only the acts of certain agents expressly covered herein, but in no event shall this insurance include any loss, damage, or expense caused by or resulting from any weapon of war employing atomic fission or fusion whether in time of peace or war;

- K. against mysterious disappearance or loss or shortage disclosed on taking inventory or any unexplained loss.

Exclusions B, C, D, E, F, and H do not apply to property in transit.

Exclusions C, D, E and F do not apply to alterations, additions, and property while in the course of construction, erection, installation, or assembly.

Exclusions C, D, and E do not apply to electronic data processing systems and valuable papers and records.

Exclusion E does not apply to locomotives, rolling stock or other conveyance insured herein.

11. PROPERTY EXCLUDED

This policy does not cover loss or damage to:

- A. Land; however, this exclusion shall not apply to the cost of reclaiming, restoring or repairing land improvements. Land improvements are defined as any alteration to the natural condition of the land by grading, landscaping, earthen dikes or dams, and additions to land such as pavements, roadways, or similar works;
- B. Water, except water which is normally contained within any type of tank, piping system or other process equipment;
- C. Growing crops, standing timber and animals except for research;
- D. Watercraft in excess of 26 feet and more than 50 horsepower, aircraft, motor vehicles licensed for highway use when not on the Insured's premises, but this exclusion shall not apply to contractor's equipment;
- E. Waterborne shipments via the Panama Canal, and to and from Puerto Rico, the Virgin Islands, Hawaii, and Alaska;
- F. Export shipments after loading on board an overseas vessel or watercraft or after ocean marine insurance attaches, whichever occurs first; and import shipments prior to discharge from the overseas vessel or watercraft or until the ocean marine insurance terminates, whichever occurs last.
- G. Satellite, spacecraft and launch vehicle
- H. Off premises transmission and distribution lines more than 1000ft from an insured premises
- I. Offshore drilling rigs and platforms, drilling barges and power barges and all other off shore risk.
- J. Property situated in the State of California for the peril of Earthquake.

- K. Accounts, bills, currency, money, notes securities, evidence of debt, jewelry, watches, furs, jewels, precious stones, bullion, gold, silver and other precious metals that are not the property of the Insured, except as insured as Fine Arts.

12. VALUATION

In case of loss, the basis of adjustment shall be as follows:

A. Stock

- (1) Raw Stock (materials and supplies in the state in which the Insured received them for conversion by the Insured into finished stock, including supplies consumed in such conversion or in the service rendered by the Insured) shall be valued at replacement cost at the time and place of loss.
- (2) Stock in process (raw stock which has undergone any aging, seasoning, or other processing by the Insured but which has not become finished stock) shall be valued at the Insured's selling price of finished stock at the time of loss, less any manufacturing expense not incurred by the Insured and less any discounts, rebates, and unincurred expenses to which the sales price would have been subject.
- (3) Finished stock (stock which in the ordinary course of the Insured's business is ready for packing, shipment or sale) and merchandise shall be valued at the Insured's selling price at the time of loss, less all discounts, rebates, and unincurred expenses to which such sales price would have been subject.

B. Real and Personal Property

- (1) Buildings, structures, furniture and fixtures, machinery, equipment, improvements and betterments, shall be valued at the replacement cost new on the same premises, as of the date of replacement.
- (2) Electronic Data Processing or control equipment and production machinery and equipment or any part thereof shall be valued at the cost to repair or replace new on the same premises as of the time of replacement except, that with respect to items for which replacement with identical property is impossible, the replacement cost shall be the cost of items similar to the destroyed property and intended to perform the same function but which may include technological advances.

- (3) Valuable papers and records shall be valued at the cost to reproduce

the property as of the date of reproduction including the cost of gathering and/or assembling information;

"Valuable papers and records" are defined as written, printed, or otherwise inscribed documents and records, including but not limited to books, maps, films, drawings, abstracts, deeds, mortgages, micro-inscribed documents, manuscripts, and media and the data recorded thereon, but not including money and/or securities.

"Media" is defined as materials upon which data is recorded including, but not limited to, papertapes, cards, electronic memory circuits, and magnetic or optical storage devices. "Data" is defined as facts, concepts, or instructions in a form usable for communications, interpretation, or processing by automatic means. It includes computer programs.

The term "securities" shall mean all negotiable and non-negotiable instruments or contracts representing either money or other property, and includes revenue and other stamps in current use, tokens and tickets but does not include money.

- (4) Property of others which the Insured is required to insure to a stipulated value shall be valued at the replacement cost new as of the date of replacement, if replaced at the Insured's option; otherwise at the stipulated value.
- (5) Fine Arts shall be valued at the appraised value; or, if there is no appraisal, at the greater of the original acquisition cost or the market value at the time of the loss.
- (6) Other property not otherwise provided for, the amount you actually spend to repair or if replaced, at replacement cost new on the same premises as of the date of replacement of like kind and quality.
- (7) Permission is granted for the Insured to replace the damaged property with any property at the same site or at another site within the territorial limits of this policy, but recovery is limited to what it would cost to replace on the same site. If property damaged or destroyed is not repaired, rebuilt or replaced within a reasonable period after the loss or damage, this Company shall not be liable for more than the actual cash value at the time of loss (ascertained with proper deduction for depreciation) of the property damaged or destroyed. However, limitations imposed by federal, state, municipal or other governmental laws, ordinances, governmental directives or standards shall not result in actual cash valuation but in a replacement cost new valuation. Nevertheless, the Insured may elect initially to make a claim on an

actual cash value basis subject to the terms and conditions of this policy, and subsequently submit a claim for the difference between the actual cash value settlement and replacement cost new as stipulated within this Valuation clause, provided the Company is notified of this intent within a reasonable period after the loss or damage and provided the property which is damaged or destroyed is repaired, rebuilt or replaced.

- (8) For property that qualifies as Historic Landmark status, the Insured shall have sole discretion as to the means by which said property shall be repaired, rebuilt, or replaced and shall include the cost to repair or replace with material of like kind and quality compatible to those originally used including the cost of skilled labor and/or authentic materials necessary to restore the property as nearly as possible to its original condition, but not to exceed the actual costs that would have been incurred in order to comply with Historical Landmark status requirements.
- (9) For buildings insured under this policy that have been certified as Leadership in Energy and Environmental Design (LEED) properties, this Company shall also be liable for:
 - a. the costs to recertify the building following an insured loss to the LEED certification level that existed prior to said loss; such costs shall include the cost to flush out the reconstructed space with 100% outside air and to add new filtration media to conform with the said existing LEED level.
 - b. the necessary and reasonable costs to hire LEED Accredited professional engineers to provide building commissioning or retro-commissioning services and to oversee post loss repair or reconstruction in order to verify and document that the repaired or replaced property, as well as other property including but not limited to life safety systems, health safety systems, HVAC, plumbing and electrical systems and their related controls whether damaged or not in the loss occurrence have been installed and calibrated properly and perform to documented design criteria and manufacturers' specifications;

13. EARTHQUAKE, FLOOD AND NAMED WINDSTORM

A. Each loss by earthquake, flood or named windstorm shall constitute a single occurrence hereunder if:

- (1) more than one earthquake shock occurs within any period of 168 hours during the term of this policy, the beginning of which 168 hour

period may be determined by the Insured; or

- (2) any flood occurs within a period of 168 hours of the continued rising or overflow of any river(s) or stream(s) and the subsidence of same within the banks of such river(s) or stream(s); or
- (3) any flood results from any tsunami, tidal wave, seismic sea wave, or series thereof caused by any one disturbance; or
- (4) direct physical loss, damage or destruction is caused by or results from a Named Windstorm. Other ensuing physical loss, damage or destruction not contained in the Named Windstorm definition and not otherwise excluded herein shall not be considered Named Windstorm for the purposes of this description.

Earthquake is defined as a shaking or trembling of the earth that is tectonic in origin. Further, ensuing physical loss, damage or destruction arising from a peril not otherwise excluded herein caused by such earthquake shall not be considered earthquake within the terms and conditions of this policy.

Flood is defined as a rising and overflowing of a body of water onto normally dry land. Such definition does not include Storm Surge. Further, ensuing physical loss, damage or destruction arising from a peril not otherwise excluded herein caused by such flood shall not be considered flood within the terms and conditions of this policy.

Named Windstorm means a hurricane or typhoon which is named by Natural Oceanic and Atmospheric Administration's (NOAA) National Hurricane Center or similar meteorological authority. For purposes of this definition Named Windstorm shall include direct physical loss, damage or destruction caused by:

- (1) direct action of wind including ensuing Storm Surge;
- (2) any material, object or debris that is carried, propelled or in any manner moved by such windstorm;
- (3) any tornado(es) that is the result of actions or effects of such windstorm;
- (4) hail that is the result of actions or effects of such windstorm;
- (5) lightning that is the result of actions or effects of such windstorm;
- (6) rain or water (not constituting a Flood), whether the rain or water is driven by wind or not, that enters a building or structure insured under this policy through an opening(s) created by the direct action of such windstorm.

If the wind speed drops below the parameter for naming storms as

described above then any direct physical loss, damage or destruction resulting from such reduced wind speed shall not be considered direct physical loss, damage or destruction from a Named Windstorm. However, any direct physical loss, damage or destruction resulting from wind speeds that do meet the criteria of a hurricane or typhoon shall be considered direct physical loss, damage or destruction from a Named Windstorm.

Storm Surge means water driven inland from coastal waters by high winds and low atmospheric pressure. Such definition shall not be considered Flood.

- B. Should any time period referred to in Clause A. above commence prior to expiration or cancellation date of this policy, this Company shall pay all such earthquake, flood, or named windstorm losses occurring during such period if such period fell entirely within the term of this policy.
- C. This Company shall not be liable, however, for any loss caused by any earthquake, flood, or named windstorm commencing before the effective date and time or commencing after the expiration date and time of this policy.

14. CONTRIBUTING INSURANCE

Contributing insurance is insurance written upon the same plan, terms, conditions, and provisions as those contained in this policy. This insurance shall contribute in accordance with the conditions of this policy only with other contributing insurance as defined.

15. EXCESS INSURANCE / DROP DOWN / PRIORITY OF PAYMENTS

- A. Coverage hereunder shall not apply until the amount of loss, damage or expense arising out of any one occurrence exceeds

See Participation Page

plus the applicable portion of the primary policy deductible and any waiting period attributable to the perils and/or property and/or coverages insured hereunder.

The amount of the applicable portion of the primary policy deductible referred to above shall be determined by the proportion that the amount of loss attributable to the perils and/or property and/or coverages insured against under this policy (without application of the excess provision) bears to the total amount of loss multiplied by the amount of the applicable primary deductibles.

In the event that the total amount of loss, damage, or expense attributable to

the perils and/or property and/or coverage insured under the underlying insurance exceeds that amount at which this policy would normally attach, but due to the application of sublimits in the underlying policy(ies), the total loss, damage and expense payable by the underlying policy(ies) does not fully exhaust the underlying policy(ies) limit, then this policy shall drop down and be liable for the loss as covered under this policy in excess of the amount paid by the underlying policy(ies).

As respects theft, the term Occurrence as referred to elsewhere within the policy means the sum total of all losses of covered property resulting from one or more concealed acts committed by one person or more than one person acting in unison to the extent such loss is not otherwise excluded under this policy.

In determining the amount of any loss, damage, or expense for which this policy is excess, the total loss for all coverages caused by any combination of perils, one or more of which is insured against under the primary policy, shall be used even though all such perils or coverages are not insured against under this excess policy.

- (1) Any recoveries made under the primary policy shall be considered as first applying to those perils and/or property and/or coverages not insured against by this policy. Upon exhaustion of the primary policy limits, this policy shall drop down and be liable for the loss in excess of the amount attributable to the primary policy as respects those perils and/or coverages and/or property insured hereunder subject to the limit of this policy.
- (2) If there is any other excess insurance covering the perils and/or property and/or coverages insured against in the primary policy, but not covered by this policy, this insurance shall then allocate any loss recoveries made under the primary policy in the same proportion as the amount of loss involving the property and/or coverages insured against by this policy bears to the combined total loss. Upon exhaustion of the primary policy limits, this policy shall drop down and be liable for the loss in excess of the amount attributed to the primary policy as respects those perils and/or property and/or coverages covered hereunder subject to the limit of this policy.
- (3) Paragraph two shall not apply, however, when the amount of loss attributed to the perils insured under the primary policy, but not covered under this policy, exceed the total amount of insurance provided by the primary and excess coverages with respect to said perils. In this situation any recoveries made under the primary policy shall first apply to those perils not insured against by this policy. Upon exhaustion of the primary policy limits, this policy shall drop

down and be liable for the loss in excess of the amount attributed to the primary policy as respects those perils covered hereunder subject to the limit of this policy.

- (4) In the event the Insured is a contributing or self-insurer with respect to the perils and/or property and/or coverages otherwise insured in any underlying insurance and no policy is issued to define the extent of this contributing or self-insurance, for the purposes of this Excess Clause, the Insured's contributing or self-insurance shall be deemed to be the same as either: (a) all other contributing insurance participating in the Insured's layer(s); or (b) all other contributing insurance participating in the layer below the Insured's layer where the Insured is entirely self-insuring the layer. If the coverage provided by the policy(s) of the other contributing insurance company(s) is non-concurrent, then the contributing or self-insurance provided by the Insured within the layer in question shall be deemed to be the same as the coverage provided by that contributing insurance company whose policy provides the least indemnity for the loss.

- C. In the event the annual aggregate limits provided for flood and/or earthquake in any underlying insurance are diminished or exhausted in any one policy year, the coverage provided under this policy shall respond as excess of the remaining limits.

In such event, the applicable amount of the deductible provision of the primary policy shall apply to the combination of all policies.

Where applicable relative to contributing insurance policy(s) described in either subparagraphs B(4)(a) or B(4)(b) above, in the event the Insured is providing contributing or self-insurance in any of the layer(s) of insurance, and such other contributing insurance policies contain aggregate limits of liability, the Insured's contributing or self-insurance for those coverages shall be deemed to be aggregated also.

16. **'UNDERLYING INSURANCE**

- A. Underlying insurance is insurance on all or any part of the deductible and against all or any of the causes of loss covered by this policy including declarations of value to the carrier for hire. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this policy.

If the limits of such underlying insurance exceed the deductible amount which would apply in the event of loss under this policy, then that portion which exceeds such a deductible amount shall be considered other

insurance, as defined in the Other Insurance clause.

17. OTHER INSURANCE

Except for insurance described by the contributing insurance clause, the excess insurance clause, or the underlying insurance clause, this policy shall not cover to the extent of any other collectible insurance, whether directly or indirectly covering the same property against the same causes of loss. This Company shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other collectible insurance. Notwithstanding that this policy only covers for the excess of any other collectible insurance, this Company guarantees prompt payment in full of the amount of loss which would have been recoverable under this policy in the absence of such other collectible insurance and agrees to advance the amount of loss as a loan, without interest, repayable only in the event of and to the extent of recovery from such other collectible insurance minus the cost of recovery. As used herein, "other collectible insurance" does not include self-insurance, deductibles, self-insured retentions or fronting policies.

18. SUBROGATION

- A. Any release from liability entered into by the Insured prior to loss hereunder shall not affect this policy or the right of the Insured to recover hereunder. The right of subrogation against the Insured, affiliated, subsidiary, and associated companies or corporations, the Insured's officers, directors, and employees, or any other corporations or companies associated with the Insured through ownership or management, and at the option of the Insured against a tenant, vendor, supplier or customer of the Insured, is waived.
- B. In the event of any payment under this policy, this Company shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefore. The Insured shall execute all papers required and shall do anything that may be reasonably necessary at the expense of the Company to secure such right. The Company will act in concert with all other interests concerned, i.e., the Insured and any other Company(ies) participating in the payment of any loss as primary or excess insurers, in the exercise of such rights of recovery.

If any amount is recovered as a result of such proceedings, the net amount recovered after deducting the cost of recovery shall be divided between the interests concerned in the proportion of their respective interests. If there should be no recovery, the expense of proceedings shall be borne by the insurers instituting the proceedings.

19. SALVAGE AND RECOVERIES

All salvages, recoveries and payments, excluding proceeds from subrogation and underlying insurance, recovered or received prior to a loss settlement under this policy, shall reduce the loss accordingly. If recovered or received subsequent to a loss settlement under this policy, such net amounts recovered shall be divided between the interests concerned, i.e. the Insured and any other Company(ies) participating in the payment of any loss, in the proportion of their respective interests.

20. MACHINERY

In case of loss or damage insured against to any part of a machine or unit consisting of two or more parts when complete for use, the liability of the Company shall be limited to the value of the part or parts lost or damaged or, at the Insured's option, to the cost and expense of replacing or duplicating the lost or damaged part or parts or of repairing the machine or unit.

21. ERRORS OR OMISSIONS

Any unintentional error or omission made by the Insured shall not void or impair the insurance hereunder provided the Insured reports such error or omission as soon as reasonably possible after discovery by the Insured's home office insurance department.

22. NOTICE OF LOSS

As soon as practicable after any loss or damage occurring under this policy is known to the State of Mississippi, Department of Finance and Administration. The Insured shall report such loss or damage to Brandi Carter, Claim Advocacy & Jeff Estes, Lead of Arthur J. Gallagher Risk Management Services (750 Woodlands Parkway, Ste. 200, Ridgeland, MS 39157), for transmission to this Company. Any delay by the Insured in providing notice shall not affect the Insured's right to coverage under this policy, except if and to the extent that the Company proves that it actually and substantially was prejudiced by any unreasonable delay in notice.

23. PROOF OF LOSS

The Insured, at the request of the Company, will render a signed and sworn proof of loss to the Company or its appointed representative stating: the place, time, cause of the loss, damage, or expense; the interest of the Insured and of all others; the value of the property involved in the loss; and the amount of loss, damage, or expense.

24. PARTIAL PAYMENT OF LOSS

In the event of a loss covered by this policy, it is understood and agreed that the Company will issue partial payment(s) of claim subject to the policy provisions,

and shall not be less than the undisputed estimate of loss or damage between the Insured and the Company.

25. ASSIGNED ADJUSTER AND DISASTER MITIGATION

26. It is agreed that at the Insured's option, the Company will use:

VeriClaim, Inc.
Address: 438 Katherine Drive, Suite A
Flowood, MS 39232

and if a consulting engineer is needed:

Consulting Engineer:
Luke Bowman
Young & Associates

for the adjustment of all claims made against this policy. This assignment may be changed by mutual consent of the Insured and the Company.

27. APPRAISAL

If the Insured and this Company fail to agree on the amount of the loss, each, upon written demand of either the Insured or this Company made within 60 days after receipt of proof of loss by the Company, shall select a competent and disinterested appraiser. The appraisers shall then select a competent and disinterested umpire. If they should fail for 15 days to agree upon such umpire, then upon the request of the Insured or of this Company, such umpire shall be selected by a judge of a court of record in the county and state in which such appraisal is pending. Then, at a reasonable time and place, the appraisers shall appraise the loss, stating separately the value at the time of loss and the amount of loss. If the appraisers fail to agree, they shall submit their differences to the umpire. An award in writing by any two shall determine the amount of loss and shall be paid by the Company within 30 days thereafter. The Insured and this Company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and of the umpire. However, if the award is greater than the amount offered by the Company in payment of the loss at any time before the award is rendered, then the Company shall pay 100% of the fees and expenses for each appraiser and the umpire and for the appraisal.

28. PAIR AND SET

Except as provided under the Machinery clause and paragraph (3) of the Consequential Loss clause, in the event of loss or damage insured against to any article or articles which are a part of a pair or set, the measure of loss or damage to such article or articles shall be, at the Insured's option:

- A. the reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event shall such loss or damage be construed to mean total loss of the pair or set; or
- B. the full value of the pair or set provided that the Insured surrenders the remaining article or articles of the pair or set to the Company.

28. ASSISTANCE AND COOPERATION OF THE INSURED

The Insured shall reasonably cooperate with this Company, and, at this Company's reasonable request and expense, shall attend hearings and trials and shall assist in effecting settlements, in securing and giving evidence, in obtaining the attendance of witnesses and in conducting suits.

29. SUE AND LABOR

Subject to no overall increase in the limits of liability as set forth herein, in case of actual or imminent loss or damage covered by this policy except imminent loss or damage as respects an "accident", it shall, without prejudice to this insurance, be lawful and necessary for the Insured, their factors, servants, or assigns to sue, labor and travel for, in and about the defense, the safeguard, and the recovery of property or any part of the property insured hereunder; nor, in the event of loss or damage, shall the acts of the Insured or of this Company in recovering, saving, and preserving the insured property be considered a waiver or an acceptance of abandonment. This Company shall pay the reasonable and necessary expenses so incurred subject to the applicable deductibles as outlined in Section 4 Deductibles.

30. PAYMENT OF LOSS

All adjusted claims shall be due and payable no later than 30 days after presentation and acceptance of proofs of loss by this Company or its appointed representative.

31. REINSTATEMENT

With the exception of loss caused by perils which are subject to annual aggregate limits as noted in Section 3, no loss hereunder shall reduce the amount of this policy.

32. SUIT AGAINST THE COMPANY

No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless the Insured shall have fully complied with all the requirements of this policy; however, if there is any dispute between the

Insured and the Company as to whether the Insured has fully complied with all the requirements of this policy, such a dispute may be resolved in a suit or action on the policy for recovery of any claim. The Company agrees that any action or proceedings against it for recovery of any loss under this policy shall not be barred if commenced within two years and one day after the Insured provides notice to the Company in accordance with clause 24 above, which period shall be tolled from the date of notice until the date that the Insured receives the Company's final coverage decision (this two year and one day period is referred to as the "limitations period"). However, the limitations period shall not apply if by the laws of the State of the address of the Insured such a limitation is invalid or if the laws of the state in which any such action is brought permit a longer period of time within which to commence such a suit. Furthermore, any tolling of the limitations period shall not preclude the Insured from bringing a suit or any other proceeding regarding recovery for any loss or of any claim hereunder during the period of tolling or at any other time. Prosecution of a suit by the Insured shall not be barred due to the failure of the Company to timely advise and notify the Insured of the expiration of any applicable dates to file and commence said suit.

It is agreed that in the event of the failure of the Company to pay any amount claimed to be due hereunder or in the event of any other dispute relating to this policy, the Company, at the request of the Insured, will submit to the jurisdiction of any court of competent jurisdiction within the United States and will comply with all of the requirements necessary to give such court jurisdiction and all matters hereunder shall be determined in accordance with the law and practice of such court, not including the court's law regarding choice of law.

33. CERTIFICATES OF INSURANCE

Any certificate of insurance issued in connection with this policy shall be issued solely as a matter of convenience or information for the addressee(s) or holder(s) of said certificate of insurance, except where any Additional Insured(s) or Loss Payee(s) are named pursuant to the Special Provisions of said certificate of insurance. In the event any Additional Insured(s) or Loss Payee(s) are so named, this policy shall be deemed to have been endorsed accordingly, subject to all other terms, conditions and exclusions stated herein.

The Company hereby authorizes Arthur J. Gallagher Risk Management Services, Inc. to issue certificates of insurance including any Mortgagee, Loss Payee and Additional Insured clauses.

34. MORTGAGE CLAUSE

Loss or damage, if any, under this policy, shall be payable to any mortgagee, (or trustee) as designated herein by endorsement or certificate of insurance, as interest may appear, under all present or future mortgages upon the property herein described in which the aforesaid may have an interest as mortgagee (or

trustee), in order of precedence of said mortgages, and this insurance, as to the interest of the mortgagee (or trustee) only therein, shall not be invalidated by any act or neglect of the mortgagor or owner of the within described property, by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title of ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy; provided, that in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee (or trustee) shall, on demand, pay the same.

Provided, also, that the mortgagee (or trustee) shall notify this Company of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said mortgagee (or trustee) and, unless permitted by this policy, it shall be noted thereon and the mortgagee (or trustee) shall, on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise this policy shall be null and void.

This Company reserves the right to cancel this policy at any time as provided by its terms, but in such case this policy shall continue in force for the benefit only of the mortgagee (or trustee) for 10 days after notice to the mortgagee (or trustee) of such cancellation and shall then cease, and this Company shall have the right, on like notice, to cancel this agreement.

Whenever this Company shall pay the mortgagee (or trustee) any sum for loss or damage under this policy and shall claim that, as to the mortgagor or owner, no liability therefore existed, this Company shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the mortgage debt, or may, at its option, pay to the mortgagee (or trustee) the whole principal due or to grow due on the mortgage, with interest accrued thereon to the date of such payments, and shall receive a full assignment and transfer of the mortgage and of all such other securities; but not subrogation shall impair the right of the mortgagee (or trustee) to recover the full amount of said mortgagee's (or trustee's) claim.

35. CANCELLATION

- A. This policy may be canceled at any time at the request of the Insured or it may be canceled by the Company by mailing via registered or certified mail to the Insured at:

Department of Finance and Administration
c/o George Roberson
Office of State Property Insurance
PO Box 267
Jackson, MS, 39205-0267

and to the additional named insureds / loss payees / mortgagees indicated on the certificates of insurance issued during the term of this policy, written notice stating when, not less than 90 days thereafter, such cancellation shall be effective. The earned premium shall be computed on a pro-rata basis.

- B. This policy may be non-renewed by the Company for any reason permitted by law to cancel it by mailing to the Insured at the Mailing Address shown in the policy and to the additional insureds / loss payees / mortgagees indicated on certificates of insurance or endorsements hereunder issued during the term of this policy, written notice of non-renewal provided at least 90 days but not more than 120 days before the expiration date of this policy.

The mailing of notice as aforesaid shall be sufficient proof of notice and the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Insured or by the Company shall be equivalent to mailing.

- D. Cancellation shall not affect coverage on any shipment in transit on the date of cancellation. Coverage will continue in full force until such property is safely delivered and accepted at place of final destination.
- E. In the event of non-payment of premium this policy may be canceled by the Company by mailing to the Insured at the address shown in A. above stating when, not less than 15 days thereafter, such cancellation shall be effective. Reinstatement of coverage shall be effective immediately upon receipt of premium by the Company.

36. VACANCY

The Insured has permission to cease operations or remain vacant or unoccupied without consent of the Company(ies) and will not limit and/or hinder any coverage and/or loss indemnification as provided within.

37. JOINT LOSS AGREEMENT (AS APPLICABLE) With respect

to insurance provided by this policy, it is agreed that:

- A. If at the time of loss, there is in existence a policy(ies) issued by a boiler and machinery insurance Company(ies) and/or excess Difference in Conditions (DIC) insurance Company(ies) which may cover the same property or cover the location at which the property subject to loss is situated; and
- B. if there is a disagreement between the companies under this policy and such other contract either as to:

- (1) whether such damage or destruction is insured against by this policy or by an accident insured against by such boiler and machinery insurance policy and/or excess DIC insurance Company(ies); or
- (2) the extent of participation of this policy and of such boiler and machinery insurance policy and/or excess DIC insurance Company(ies) in a loss which is insured against, partially or wholly, by any one or all of said policies;

the Company(ies) shall, upon written request of the Insured, pay to the Insured one-half of the amount of the loss which is in disagreement, but in no event more than the Company(ies) would have paid if there had been no boiler and machinery insurance policy and/or excess DIC insurance policy in effect, subject to the following conditions:

- (1) the amount of the loss which is in disagreement, after making provisions for any undisputed claims payable under the said policies and after the amount of the loss is agreed upon by the Insured and the companies is limited to the minimum amount remaining payable under either the boiler and machinery and/or excess DIC or this policy(ies);
- (2) the boiler and machinery insurance Company(ies) and/or excess DIC insurance Company(ies) shall simultaneously pay to the Insured at least one half of said amount which is in disagreement;
- (3) the payments by the companies hereunder and acceptance of the same by the Insured signify the agreement of the companies to submit to and proceed with arbitration within ninety days of such payments;

The arbitrators shall be three in number, one of whom shall be appointed by the boiler and machinery insurance Company(ies) and/or excess DIC insurance Company(ies), one of whom shall be appointed by the Company(ies), and the third of whom shall be appointed by consent of the other two; the decision by the arbitrators shall be binding on the companies and that judgment upon such award may be entered in any court of competent jurisdiction;

- (4) the Insured agrees to cooperate in connection with such arbitration but not to intervene therein;
- (5) the provisions shall not apply unless such other policy issued by the boiler and machinery insurance Company(ies) and/or excess DIC insurance Company(ies) is similarly endorsed;

- (6) acceptance by the Insured of sums paid pursuant to the provisions, including an arbitration award, shall not operate to alter, waive, surrender or in any way affect the rights of the Insured against any of the companies.

38. VALUES

The values and schedule of property declared to the Company at the inception of the policy are for premium purposes only and shall not limit the coverages provided by this policy.

39. TITLES OF PARAGRAPHS

The titles of paragraphs of this form and of endorsements and supplemental contracts, if any, now or hereafter attached hereto are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

40. CONFORMANCE

The terms of this policy which are in conflict with the applicable statutes of the state wherein this policy is issued are hereby amended to conform to such statutes, unless the statutes narrow or limit the coverage afforded by this policy and do not bar a policy from providing broader coverage.

ENDORSEMENT NO. 1

The following provisions are hereby attached to and made part of this Policy:

SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION; DEBRIS REMOVAL AND COST OF CLEAN UP EXTENSION; AUTHORITIES EXCLUSION.

(1) SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION

Notwithstanding any provisions in the policy to which this Endorsement is attached, this policy does not insure against loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever. Nevertheless if a peril not excluded from this policy arises directly or indirectly from seepage and/or pollution and/or contamination any loss or damage insured under this policy arising directly from that peril shall (subject to the terms, conditions and limitations of the policy) be covered.

However, if the insured property is the subject of direct physical loss or damage for which this Company has paid or agreed to pay then this policy (subject to its terms and conditions and limitations) insures against direct physical loss or damage to the property insured hereunder caused by resulting seepage and/or pollution and/or contamination.

The Insured shall give notice to the Company of intent to claim no later than 12 months after the date of the original physical loss or damage.

(2) DEBRIS REMOVAL AND COST OF CLEAN UP EXTENSION

(a) Notwithstanding the provisions of the preceding exclusion in this Endorsement or any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of cleanup in the policy to which this Endorsement is attached, in the event of direct physical loss or damage to the property insured hereunder, this policy (subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insures, within the limit of liability stated in Section 3:

- (1) expenses reasonably incurred in removal of debris of the property insured hereunder destroyed or damaged from the location of the loss;

and/or

- (2) cost of clean-up, at the location of the loss, made necessary as a result of such direct physical loss or damage;

Provided that this policy does not insure against the costs of decontamination or removal of water, soil or any other substance not covered by this policy on or under such premises.

- (b) It is a condition precedent to recovery under this extension that the Company shall have paid or agreed to pay for direct physical loss or damage to the property insured hereunder unless such payment is precluded solely by the operation of any deductible and that the Insured shall give notice to the Company of intent to claim for cost of removal of debris or cost of clean-up no later than 12 months after the date of the original physical loss or damage

(3) AUTHORITIES EXCLUSION

Notwithstanding any of the preceding provisions of this Endorsement, except in respect of certain specific coverage(s) provided elsewhere in the policy to which this Endorsement is attached, this policy does not insure against fines, penalties and expenses directly attributable to such fines and penalties incurred or sustained by or imposed on the Insured at the order of any government agency, court or other authority arising from any cause whatsoever.

- (4) Nothing in this Endorsement shall override any radioactive contamination exclusion clause in the policy to which this Endorsement is attached.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

ENDORSEMENT NO. 2

The following provisions are hereby attached to and made part of this Policy:

Occurrence Limit of Liability Endorsement

It is understood and agreed that the following special terms and conditions apply to this policy:

1. The limit of liability or Amount of Insurance shown on the face of this policy, or endorsed onto this policy, is the total limit of the Company's liability applicable to each occurrence, as hereafter defined. Notwithstanding any other terms and conditions of this policy to the contrary, in no event shall the liability of the Company exceed this limit or amount irrespective of the number of locations involved. The term "occurrence" shall mean any one loss, disaster, casualty or series of losses, disasters, or casualties, arising out of one event.

When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, Named storm, hail, volcanic eruption, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, the Insured may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than the first loss to the covered property occurs.

2. The premium for this policy is based upon the Statement of Values on file with the Company, or attached to this policy. In the event of loss hereunder, liability of the Company, subject to the terms of paragraph 1. above, shall be limited to the actual adjusted amount of loss, less applicable deductible(s).

ENDORSEMENT NO. 3

The following provisions are hereby attached to and made part of this Policy:

Contingent Coverage for Scheduled Real Property

1. Coverage for real property at scheduled locations on file with the company (2018 State of MS SOV: Contingent — State Military) is provided where;
 - a) Physical loss or damage by a peril insured under the policy to which this endorsement attaches occurs; and,
 - b) The State of Mississippi is required by the Army to provide for recovery up to 25% of the physical loss or damage sustained.
2. The recovery under this extension of coverage shall be the lesser of.
 - a) 25% of the full replacement cost of the damaged real property
 - b) 25% of the individual location limit of liability shown on the schedule on file with the company
 - c) The actual cost to repair or replace the damaged real property

No coverage is provided for damaged property that is repurposed for another use that is substantially different from that use existing at the time of loss.

ENDORSEMENT NO. 4

The following provisions are hereby attached to and made part of this Policy:

It is understood and agreed that this policy provides coverage excess of the underlying policy for the State owned facilities known as the Capitol Complex as detailed below:

Company: Affiliated FM - Effective: 4/29/2018-2019 -Policy #GO684

ENDORSEMENT NO. 5

The following provisions are hereby attached to and made part of this Policy:

Mold Endorsement

The Company shall not be liable for any loss or damage in the form of, caused by, arising out of, contributed to, or resulting from fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast;

- A. fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms;
- B. mold(s) includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and finisi that produce mold(s);
- C. spores means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms,

regardless of any other cause or event that contributes concurrently or in any sequence to such loss.

This exclusion shall not apply to any loss or damage in the form of, caused by, contributed to or resulting from fungus, mold(s), mildew or yeast, or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast which is directly caused by a covered peril, provided that such fungus, mold(s), mildew or yeast loss or damage is reported to the Company within twelve months from the date of the loss.

A \$10,000,000 per occurrence limit of liability applies to coverage provided by this endorsement. All other terms and conditions remain unchanged.

Endorsement No. 6

Insured: State of Mississippi

Policy Period: April 29, 2018 to April 29, 2019

1. ATTACHMENT CLAUSE

This policy is made and accepted subject to the foregoing provisions and stipulations which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as are enclosed hereon or added hereto, as provided in this policy.

The insurance company(ies) signatory hereto (hereinbefore called the Company) each for itself severally but not jointly do(es) insure for the amount underwritten for each and every loss covered hereunder as set forth under their respective names. The collective liability of each Company shall not exceed the Limit of Liability or any appropriate Sublimit of Liability or any Annual Aggregate limit.

The limit of liability or amount of insurance shown on the face of this policy, or endorsed on this policy, is the total limit of the Company's liability applicable to each occurrence, as defined in this policy. Notwithstanding any other terms and conditions of this policy to the contrary, in no event shall the liability of the Company exceed this limit or amount irrespective of the number of locations involved.

In witness whereof, the following Company(ies) execute and attest these presents, and subscribe for the amount of participation of the insurance provided hereunder as shown:

COMPANY	POLICY NO.	PARTICIPATION	LAYER	AUTHORIZED
Lloyds of London	PW0223018; PW0210118; PW0223118; PW0222818; PW0230518;	\$55,000,000 part of Primary \$100,000,000	55%	
Landmark American Insurance Co.	LHD904132	\$5,000,000 part of Primary \$100,000,000	5%	
Ironshore Specialty Insurance Co.	003564100	\$7,500,000 part of Primary \$100,000,000	7.5%	
Beazley (Lloyds Syndicates)	W1E873180201	\$7,500,000 part of Primary \$100,000,000	7.5%	

COMPANY	POLICY NO.	PARTICIPATION	LAYER %	AUTHORIZED
Hiscox	URS253064418	\$5,000,000 part of Primary \$100,000,000	5%	
Westchester Surplus Lines Ins. Co.	D37354107011	\$5,000,000 part of Primary \$100,000,000	5%	
Starr Surplus Lines Insurance Co.	SLSTPTY11058 618	\$15,000,000 part of Primary \$100,000,000	15%	
Lloyds of London-Chubb Bermuda	PW0210218	\$50,000,000 part of \$200,000,000 excess \$100,000,000	25%	
Westport Insurance Corporation	NAP200167101	\$80,000,000 part of \$200,000,000 excess \$100,000,000	40%	
Tokio Marine America Ins. Co.	LCP648075005	\$25,000,000 part of \$200,000,000 excess \$100,000,000	12.5%	
Homeland Insurance Co. of NY	795007713	\$25,000,000 part of \$200,000,000 excess \$100,000,000	12.5%	
Aspen Specialty Ins. Co.	PX005RN18	\$10,000,000 part of \$200,000,000 excess \$100,000,000	5%	
Ironshore Specialty Insurance Co.	003564000	\$10,000,000 part of \$200,000,000 excess \$100,000,000	5%	
Lloyds of London-Chubb Bermuda	PW0222918	\$200,000,000 all of \$200,000,000 excess of \$300,000,000	100%	